

1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION
3 IN THE MATTER OF:)
4 EL PASO NETWORKS, LLC)
5 Application for a certificate of local) No. 01 -0295
6 and interexchange authority to operate)
7 as a reseller and facilities-based)
8 carrier of telecommunications services)
9 throughout the State of Illinois.)
10 Chicago, Illinois
11 April 24, 2001
12 Met, pursuant to notice.
13 BEFORE:
14 Mr. John Riley, Administrative Law Judge.
15 APPEARANCES:
16 MR. DENNIS A. MASTANDO
17 3000 K Street, Northwest
18 Suite 300
19 Washington, D.C. 20007
20 for the applicant;
21 MS. JUDITH MARSHALL and
22 MS. BARB LANKFORD
 527 East Capitol Avenue
 Springfield, Illinois
 for staff.
SULLIVAN REPORTING COMPANY, by
FRANCISCO E. CASTANEDA, CSR,
License No. 084-004235

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I N D E X

Witnesses:	Direct	Cross	Re - direct	Re- cross	By Examiner
JOSEPH A. SANNA	6	10			28
		15			
		37			

E X H I B I T S

APPLICANT'S	For Identification	In Evidence
	NONE.	

1 JUDGE RILEY: Pursuant to the direction of the
2 Illinois Commerce Commission, I now call Docket
3 01-0295. This is the application of El Paso
4 Networks, LLC, for certificate of local and
5 interexchange authority to operate as a reseller of
6 and facilities-based carrier of telecommunications
7 services throughout the State of Illinois.

8 Counsel for the applicant, would you
9 enter an appearance, please.

10 MR. MASTANDO: My name is Dennis Anthony
11 Mastando, and that's spelled D-e-n-n-i-s; Anthony,
12 A-n-t-h-o-n-y; Mastando, M-a-s-t-a-n-d-o. I am
13 from the law firm of Swidler, Berlin, Sheriff,
14 Friedman; and I can spell that if that 's --

15 JUDGE RILEY: No, that's okay. We have it here.

16 MR. MASTANDO: Okay. And the street address is
17 3000 K Street, Northwest, Suite 300,
18 Washington, D.C. 20007.

19 JUDGE RILEY: Thank you.

20 And, staff, it's my understanding you're
21 proceeding without counsel; is that correct?

22 MS. MARSHALL: Yes.

1 JUDGE RILEY: Mr. Mastando, did you have any
2 preliminary issues that you wanted to bring up or
3 do you want to call your witness at this time?

4 MR. MASTANDO: I do have an issue, Mr. Examiner.
5 What I'd like to say is that I am licensed to
6 practice law in the State of New York in the
7 District of Columbia, and I move for a pro hoc vice
8 authority to represent El Paso Networks, LLC,
9 before the ICC today.

10 JUDGE RILEY: And is there any objection from
11 staff?

12 MS. MARSHALL: No.

13 MS. LANKFORD: No.

14 JUDGE RILEY: Then authority is certainly
15 granted.

16 MR. MASTANDO: Thank you.

17 Beyond that, Mr. Examiner, if you'd like
18 to mark and identify the supplemental filing now or
19 afterwards, we can do that.

20 If you choose to mark the supplemental
21 filing, which consists of the certificate of
22 authority to transact business; and the answer to

1 Question 16, if you'd like to mark that and
2 identify that, enter it into the record later on,
3 then I propose moving forward to the direct
4 testimony.

5 JUDGE RILEY: Okay. Let's do the direct first.
6 Who is your witness?

7 MR. MASTANDO: My witness today, Mr. Examiner,
8 is Tony Sanna.

9 Mr. Sanna, would you --

10 JUDGE RILEY: Excuse me.

11 Mr. Sanna, do you swear that the
12 testimony you are about to give is the truth, the
13 whole truth and nothing but the truth so help you
14 God?

15 THE WITNESS: I do.

16 JUDGE RILEY: Please proceed.

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(Witness sworn.)

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JOSEPH ANTHONY SANNA,

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having been called as a witness herein, after

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having been first duly sworn, was examined and

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testified as follows:

7

DIRECT EXAMINATION

8

BY

9

MR. MASTANDO:

10 Q. Mr. Sanna, will you please state your full

11 name, position and business address.

12 A. Okay. Very good. My name is Joseph

13 Anthony Sanna. I go by Tony Sanna. My last name

14 is spelled S, like in Sam, a-n-n-a.

15 My position is manager exchange carrier

16 relations in the commercial management group with

17 El Paso Networks, LLC. The address here is 1001

18 Louisiana Street, Houston, Texas 77002.

19 Q. Mr. Sanna, would you please describe your

20 background and qualifications?

21 A. Okay. My background is, basically, I have

22 approximately 27 years of telecommunications

1 experience. I started telecommunications with SBC
2 Communications -- actually Southwestern Bell
3 Telephone -- back in 1972 in St. Louis, Missouri;
4 with the SBC Corporation until last year,
5 November 15th. I took a early retirement package
6 from them and began working a week later for a
7 company called Waller Creek Communication doing
8 business as Pontio Communications.

9 Pontio Communications was bought by El
10 Paso Corporation on November 30th, 2000, and I have
11 been working for them ever since.

12 Q. Mr. Sanna, do you have with you today a
13 copy of the application of El Paso Networks, LLC,
14 before the Illinois Commerce Commission?

15 A. Yes, I do.

16 Did you hear me? I said yes, I do.

17 Q. I'm sorry, I did not hear you.

18 A. Okay.

19 Q. Mr. Sanna, was that document prepared by
20 you or under your direction?

21 A. Under my direction, yes.

22 Q. Mr. Sanna, if I were to ask you the

1 questions that are contained in that application,
2 would your answers be the same today as they were
3 on that day, or do you have any corrections to
4 make?

5 A. There would be probably two minor
6 corrections I would make on the application itself,
7 if you will.

8 In the first general section under No. 9
9 where it asks to list the jurisdiction in which the
10 applicant is offering services, we do have a couple
11 of more states where we have received
12 certification, and those are New York and Ohio.

13 We are also in the process of receiving
14 applications in other states, but those are the two
15 that I would add to that.

16 There is another section. I believe
17 it's under Appendix A, No. 16, Has your company
18 provided service under any other name?

19 In the very last sentence there, you
20 have, Has provided service in the state of Texas
21 and Kentucky. We have not provided service in
22 Kentucky under that. So I would scratch that.

1 Q. All right. Are there any additional
2 modifications you would make --

3 JUDGE RILEY: Just for the record, I'd like to
4 say, I don't have the appendix that you were
5 referring to; but it is Question No. 12 on the
6 application itself, Has applicant provided service
7 under any other name? It says, Yes.

8 And it says, Applicant has not provided
9 service in Illinois but does provide service in
10 Kentucky and Texas. And you're saying Kentucky is
11 incorrect?

12 THE WITNESS: That is right. Kentucky is
13 incorrect there.

14 MR. MASTANDO: In addition, Mr. Examiner, it's
15 also in Appendix A at Question 15.

16 THE WITNESS: That's correct.

17 JUDGE RILEY: Okay. Please proceed.

18 MR. MASTANDO: Well, Mr. Examiner, at this time,
19 I have no further questions for the witness.

20 JUDGE RILEY: I may have a few of my own, but
21 I'm going to turn it over to staff at the meantime.

22 Ms. Marshall or Ms. Lankford?

1 MS. LANKFORD: This is Ms. Lankford. I'll go
2 ahead and proceed.

3 CROSS-EXAMINATION

4 BY

5 MS. LANKFORD:

6 Q. I wanted to clarify if your company is or
7 is not planning to provide voice-grade service?

8 A. At this point, we are not providing --
9 planning on providing voice-grade service.

10 Actually, we do not plan on putting any
11 type of switching equipment in our central offices.
12 We plan on being, if you will, a data-type of
13 provider on a transport, if you will.

14 Q. Okay. Now, on the application, you have
15 made application for facilities-based. Is that
16 correct that you're wanting a facilities-based
17 also?

18 A. That's correct. In order to get into the
19 central offices, the application require us to be a
20 facilities-based provider; so, therefore, we can
21 colocate in the incumbent's central offices to put
22 in our equipment for providing transport type of

1 service.

2 Q. Okay. How many other telecommunications
3 companies are you actually affiliated with?

4 A. How many companies? I'm not sure I
5 understand the question.

6 Q. Well, it's kind of going back to No. 12 on
7 the application that -- you said that do not
8 provide service in Kentucky, but there are several
9 other communication companies that apparently you
10 have some affiliation with.

11 A. Let me answer that this way: As far as
12 affiliated with other telecommunication companies,
13 the company that we purchased was Waller Creek
14 Pontio Communications in the state of Texas.

15 We have provided name change amendments
16 to change that name to El Paso Networks, LLC.
17 Therefore, that is the one we are affiliated with,
18 if you will.

19 EPGN, El Paso Global Networks, is also
20 another company under the umbrella of El Paso
21 Corporation that provides long haul type services
22 between the states. That's another affiliate, if

1 you will.

2 Q. Okay. That's what I was trying to find
3 out.

4 A. Okay.

5 Q. What are your business hours?

6 A. Our business hours are 8:00 to 5:00, Monday
7 through Friday.

8 Q. And what about customer service hours?

9 A. Customer service hours are also 8:00 to
10 5:00. We do have a 24-hour answering type service,
11 if you will, for customers to call in for any type
12 of maintenance or repairs.

13 Q. And is that seven days a week?

14 A. Yes, it is, I'm sorry.

15 Q. And do you call the 800 number?

16 A. Yes, ma'am.

17 Q. Okay. And who would the consumer services
18 division of the Illinois Commerce Commission
19 contact for complaint resolution?

20 A. That would be Sam Beason. That's
21 B-e-a-s-o-n, is his last name; and he is our
22 regulatory manager.

1 Q. And I do need to get his phone number and
2 fax number of where he can be reached.

3 A. Okay. His phone number is (713) 420 -1932.
4 His fax number is (713) 420 -6400.

5 Q. Okay.

6 MR. MASTANDO: This is Tony Mastando. I just
7 wanted to mention that under Exhibit 1, designated
8 contact person, Sam Beason is listed with the
9 address and phone numbers.

10 MS. LANKFORD: Where is that located?

11 MR. MASTANDO: Exhibit 1 to the application
12 under the designated contact person heading.

13 MS. LANKFORD: Okay.

14 BY MS. LANKFORD:

15 Q. No. 22 of the application, you state that
16 you will abide by state and federal laws regarding
17 slamming and cramming.

18 Will you obtain a letter of authority
19 from a customer or do you use like a third-party
20 verifier?

21 A. Well, again, that goes back to if we're
22 going to be providing switch-type services. And if

1 we do provide switch-type services, we will
2 definitely apply with all the rules and regulations
3 surrounding that.

4 At this point in time, our business plan
5 is not to provide those switch-type of services
6 voice-grade services, if you will.

7 Q. Okay. And No. 23 of the application, you
8 understand that you do need to agree to abide by
9 all parts of our code if at some point you do
10 provide voice-grade service?

11 A. Yes, we do.

12 Q. Okay. And No. 26 of the application, have
13 you made a decision as to which facility provider
14 you intend to use?

15 A. Bear with me. No. 26?

16 Q. Uh-huh.

17 A. I don't believe that a determination has
18 been made as of yet.

19 Q. Okay. And in Appendix A, No. 15, you state
20 that you will use direct marketing and wholesale
21 methods to market services.

22 Can you expand on that a little further?

1 What type of direct marketing?

2 A. We will have a sales force in place that
3 will go out and target your major
4 telecommunications carriers such as the IXC type
5 carriers, your ILECs, your CLECs who are in the
6 states. Those are the major markets that we will
7 market, ISPs also.

8 We have a sales force that will target
9 new market analysis in each of the areas we go into
10 and determine which is the best customers to go
11 after that will need the type of transport that we
12 provide. We're looking at providing, of course, a
13 greater band width for the data type services.

14 Q. Okay. I believe that answers my question.

15 MS. LANKFORD: I believe that's all the
16 questions I have. Thank you.

17 JUDGE RILEY: Thank you, Ms. Lankford.

18 Ms. Marshall, did you want to proceed
19 now?

20 MS. MARSHALL: Excuse me?

21 JUDGE RILEY: Go ahead.

22

1 CROSS -EXAMINATION

2 BY

3 MS. MARSHALL:

4 Q. Mr. Sanna, this is Judith Marshall with the
5 Commission.

6 A. Hi, Judith.

7 Q. And I'm going to move right along to on the
8 application Question No. 25, and that question
9 is -- the response to that question refers to a
10 \$500 million line of credit.

11 Could you provide some additional
12 information about the nature of that.

13 A. Okay. Let me go back to the way that
14 the -- the way I understand -- and I'm not the
15 financial expert but I want to try to provide as
16 much information as possible.

17 The information regarding the
18 \$500 million credit is El Paso Global Networks
19 is -- I'm sorry, El Paso Networks, LLC, first off,
20 is -- and El Paso Global Networks are wholly owned
21 facility -- affiliates of the El Paso Corporation.

22 So El Paso Corporation, if you will, is

1 kind of the like the parent company, and El Paso
2 Networks is managed and operated by El Paso Global
3 Networks.

4 So we have a credit facility through the
5 investment companies with El Paso Corporation, and
6 El Paso Corporation is the one who is, if you will,
7 financing the El Paso Networks, LLC.

8 Q. Okay.

9 A. I hope that makes sense. The way the
10 finance structure is put together it all goes back
11 up to the El Paso Energy Corporation.

12 Q. That's El Paso Energy Corporation?

13 A. Well, it's actually El Paso Corporation at
14 this point in time.

15 Q. Okay. Is there any documentation you can
16 provide such as board of directors minutes or a
17 written guarantee or something that indicates that
18 El Paso Corporation is able and willing to provide
19 the finances?

20 A. I believe we have provided a list of the
21 officers.

22 Help me out here, if you will, Tony

1 Mastando. Do you have that -- I'm trying to
2 remember which exhibit that might have been.

3 MR. MASTANDO: Yeah. This is Tony Mastando.
4 We've certainly provided the list of officers, but
5 I think Ms. Marshall's question is more in the
6 nature of what evidence is the \$500 million credit
7 facility; is that correct, Ms. Marshall?

8 MS. MARSHALL: Well, either that or just
9 evidence to the extent that El Paso Corporation is
10 providing the finance thing for the application.

11 THE WITNESS: Certainly we can provide something
12 to that effect to show that we have a credit
13 facility.

14 Again, it goes back up through the
15 investment partners or limited liability
16 corporations, I guess, underneath those. If that's
17 what you're looking for, something to that effect,
18 I'm sure we can put something together to that
19 effect.

20 BY MS. MARSHALL:

21 Q. Okay. Yes. I think that would probably
22 help to answer the questions that we have as far as

1 providing some evidence of financial resources.

2 A. Okay.

3 JUDGE RILEY: Now, let me interject here. What
4 is it that's going to be provided, Mr. Sanna?

5 THE WITNESS: Is a letter sufficient, as far as
6 a letter of evidence of El Paso Corporation's
7 commitment to that?

8 JUDGE RILEY: Something along the lines of a
9 letter of guarantee, that the parent corporation
10 will furnish whatever funding is necessary?

11 THE WITNESS: Will that be sufficient?

12 JUDGE RILEY: For the, you know, for the
13 applicant to meet its obligations in Illinois.

14 THE WITNESS: Okay. Yes. If that is what is
15 needed, we can definitely do that.

16 JUDGE RILEY: Ms. Marshall, does that sound
17 sufficient?

18 MS. MARSHALL: Yes, that, I think, would be
19 fine.

20 Would you like to have that filed as a
21 late-filed exhibit in the case?

22 JUDGE RILEY: I think that would be a good idea.

1 THE WITNESS: Okay.

2 BY MS. MARSHALL:

3 Q. And I'm just going to move through your
4 application, and I'm going to have another question
5 or two for you, Mr. Sanna, about your balance sheet
6 that's an attachment to the application.

7 A. Sure.

8 Q. But first I'll just move on to Question 26,
9 and I know that Ms. Lankford asked you some
10 questions about the type of service that you're
11 offering.

12 However, I just wanted to clarify as to
13 what kind of notice you would provide to the
14 Illinois Commerce Commission in the event that in
15 the future El Paso Networks made a decision to
16 offer any voice-grade service.

17 A. Type of -- of course, we would -- you know,
18 any type of notice that the Commission would
19 request of us, we would be, you know, happy to
20 provide to you.

21 Again, the goal of this company is not
22 to get into the switched voice type grade of

1 service, so that is not our intent, our plan. So,
2 therefore, I don't believe we're going to go down
3 that avenue.

4 Should we go down that avenue, we would
5 provide the Commission with, I'm imagining, a
6 letter or -- I guess, I'm kind of torn as to what
7 type of information would you want to receive from
8 us in order to be able to provide that type of
9 service.

10 Q. Well, here's the thing, there would be
11 consumer programs and there would also be the 911
12 program; but then we'd be interested in contacting
13 your company and working out those arrangements.

14 And we typically ask for at least 30
15 days notice to work out those arrangements before
16 you would actually provide the voice-grade service.

17 A. Definitely. And I understand that along
18 with the 911 issues; specifically, of course, you
19 have all the operator services type issues also.
20 And coming from the SBC Corporation, I know that
21 normally that takes 30 days just for the incumbent
22 LECs to get their systems up and recognizing all of

1 the information that needs to be processed there.

2 So I do understand that that would be --
3 it would be at least a 30 days' notice.

4 Q. Okay. Now, I'm turning now to Appendix A
5 which is some standard questions that you attached
6 to your application, and the first question
7 discusses waivers.

8 It says there that El Paso Networks
9 seeks a waiver of Part 720, which is a reported
10 requirement of 911 systems.

11 Would you accept that waiver of that
12 section could not be granted but that we could
13 agree that section would not apply to the data
14 services you intend to offer?

15 A. Yes. Are you saying that should we provide
16 voice-type services, then these Parts 710, 720,
17 et cetera, would be -- would definitely be --

18 MR. MASTANDO: Mr. Senna, this is Tony Mastando,
19 Part 720 is a reporting requirement for 911
20 services.

21 THE WITNESS: Right.

22 MR. MASTANDO: So to the extent that you end up

1 providing 911 services, I think Ms. Marshall wants
2 to know if you would comply with the reporting
3 requirements of 720 because the Commission is
4 unable to waive that provision right now.

5 THE WITNESS: The answer would be yes.

6 MR. MASTANDO: Does that satisfy your question,
7 Ms. Marshall?

8 MS. MARSHALL: Yes, it does.

9 BY MS. MARSHALL:

10 Q. I might -- save for Mr. Sanna's
11 information, my question did not refer to the Part
12 710, which is the Uniform System, but only to Part
13 720.

14 A. Okay.

15 JUDGE RILEY: In other words, what you were
16 saying, Ms. Marshall, is that you don't want to
17 grant a waiver but just find that the part for the
18 present time is inapplicable insofar as they are
19 not providing traditional voice services; is that
20 correct?

21 MS. MARSHALL: Yes. I'm not -- that definitely
22 is opposed to granting a waiver. That part does

1 not have a waiver provision.

2 However, since the 911 service does not
3 apply to the services that he intends to offer,
4 unless they change the plans, they simply would not
5 need to report under that.

6 JUDGE RILEY: Right.

7

8 BY MS. MARSHALL:

9 Q. Now, I'm moving right along to Appendix B,
10 which is the 911 question. And in response to
11 Question No. 4, we're looking for the name of an
12 individual.

13 Now, I believe that it's not likely that
14 the Commission will want the 911 expert for, one,
15 to contact the company; but in the event they
16 should, would it be reasonable for them to contact
17 Mr. Beason with those questions as well?

18 A. Yes, it would. We could contact
19 Mr. Beason; and at that point in time, we would
20 also try to provide another type of -- another
21 contact for you.

22 Q. Okay. And just so that we know that you

1 understand in the future, in the event that you
2 offer 911 services, is it your understanding that
3 the facilities-based services would be responsible
4 for billing and collecting and remitting all the
5 911 surcharges?

6 A. Yes.

7 Q. And that for the resold service, the
8 underlying carrier would handle the remittance to
9 the 911 system?

10 A. Yes.

11 Q. Now, in response to Question No. 9, it says
12 it's noted above, Applicant seeks a waiver of Part
13 725.

14 I'm not sure whereabouts that would be
15 noted. I didn't find what that reference was too.

16 MR. MASTANDO: Ms. Marshall, this is Tony
17 Mastando speaking. And if you'll bear with me,
18 I'll tell you where that was.

19 In the application, that's 23 I believe,
20 is where that request was made initially.

21 MS. MARSHALL: Okay. I see that now.

22 BY MS. MARSHALL:

1 Q. Would you also accept that Part 725 cannot
2 be waived but would simply be found applicable to
3 the service you provide, if you provide voice-grade
4 services future and not applicable to the data
5 service?

6 A. Yes.

7 Q. Thank you.

8 Now, the question that I have regarding
9 the balance sheet, which is -- I believe it's
10 Exhibit 4 attached to the application.

11 A. Okay.

12 Q. First of all, because this is a
13 consolidated balance sheet, could you tell me what
14 entities are included in the consolidated balance
15 sheet.

16 A. Okay. Very good. Yes. I did go through
17 this this morning. I looked at it with some of our
18 financial people here, and one of the questions
19 that did come up was why it is called a
20 consolidated balance sheet.

21 It's really consolidation because in --
22 of course, this is dated December 31st, 2000. So

1 it mainly reflects the Waller Creek doing business
2 as Pontio Communications Data.

3 Waller Creek doing business as Pontio
4 had a retail and a wholesale type of operation.
5 Our plans are to diverse ourselves of the retail
6 operations, and that is what they called
7 consolidated, when they consolidated the retail and
8 wholesale into this balance sheet.

9 If they were to redo this balance sheet
10 again, it would not say consolidated on there.

11 Q. Okay. And then I had another question.
12 Could you explain the nature of the goodwill
13 account?

14 A. The goodwill on that account is actually
15 the monies that were used -- or what was used to
16 purchase the Waller Creek doing business as Pontio
17 Communications Company. That \$99,747,000 is
18 actually for the stock and the company itself.

19 Q. Okay. And that purchase occurred you said
20 in November of 2000?

21 A. No. November 30th of 2000.

22 Q. And were there any operations between that

1 date and the December 31st date of the balance
2 sheet?

3 MR. MASTANDO: Ms. Marshall, this is Tony
4 Mastando, counsel.

5 By operations, do you mean, did Pontio
6 continue operating as telecommunications carriers
7 during the from November 30th to December 31st?

8 MS. MARSHALL: Right. I'm checking to see
9 whether there's an income statement for that
10 period.

11 THE WITNESS: For that one month?

12 BY MS. MARSHALL:

13 Q. Yeah, for whether El Paso Networks has an
14 income statement available today.

15 A. I have not seen one. That would be
16 something that I could check on for you to see if
17 there is one.

18 Q. Could I ask that if such an income
19 statement exists, that it be provided at the same
20 time as the letter of guarantee?

21 A. Yes.

22 MS. MARSHALL: Okay. That's all the questions

1 that I have. Thank you.

2 JUDGE RILEY: Thank you.

3 EXAMINATION

4 BY

5 JUDGE RILEY:

6 Q. Mr. Sanna, I just have a few questions of
7 my own.

8 Could you repeat your title, please.

9 A. My title is exchange manager, exchange
10 carrier relations.

11 Q. Exchange manager, exchange carrier
12 relations.

13 A. Manager, exchange carrier relations.

14 Q. Okay. Who is going to do the technical
15 support for the applicant?

16 A. We have our own technical group. We have a
17 network operations group that does that. We are
18 developing what they call Knocks (phonetic) Center,
19 an operator center.

20 Q. All right. And I take it because there are
21 no voice services, the applicant will not be
22 providing operator assisted services then?

1 A. That is correct.

2 Q. Okay. Going back to Question 25 on that
3 application -- I don't have a copy of balance sheet
4 in front of me -- but explain it to me again, the
5 consolidation. It was a retail and a wholesale?

6 A. The way it was explained to me, yes.
7 Again, the balance sheet was put together as a
8 unaudited and it says consolidated balance sheet on
9 it.

10 And, basically, the consolidation was
11 actually the consolidation of their retail and
12 wholesale operations.

13 Q. Now who is "their"? Who is "they"?

14 A. That would be the Waller Creek doing
15 business as Pontio.

16 Q. What is that relationship to the applicant?

17 A. That is the company that El Paso bought.
18 El Paso Corporation bought Waller Creek doing
19 business as Pontio Communications.

20 Q. That was bought by applicant; is that
21 correct?

22 A. Yes.

1 Q. So it's actually the assets the retail and
2 the wholesale cash and asset of an entity that was
3 purchased by the applicant?

4 A. That's right.

5 Q. So those assets, the retail and wholesale
6 asset, became those of as applicant --

7 A. Yes, they did.

8 Q. -- is that correct?

9 Does the applicant have its own cash?
10 Does it have a plus equity?

11 I don't know if you can follow what I'm
12 saying there.

13 A. Plus equity as far as cash on hand?

14 Q. Right.

15 A. I believe that that would be -- and I'm not
16 sure of this -- as far as the letter of credit that
17 you're talking about earlier, the guarantee from
18 the corporation?

19 Q. No. Apart from that.

20 A. Apart from that.

21 Well, they do have assets on hand; and
22 as far as a cash account, I'm -- I know that there

1 is a cash account. I don't know what it is though,
2 and I don't have the numbers --

3 Q. Okay.

4 A. -- for those.

5 Q. But is it your testimony then that it is
6 necessary for the applicant to have this financing
7 available from the parent?

8 Let me rephrase that.

9 Is it your understanding that the
10 applicant will not be able to provide the services
11 that it purports to offer in Illinois without the
12 financing from the parent company?

13 A. I don't know the answer to that, but my
14 feeling is, no, they won't.

15 Q. Okay.

16 A. Only to the fact that it's a very large
17 start-up that we're doing. We plan on going into
18 every central office within an area that we want to
19 be in, which is a large capital outlay. And in
20 order to do that, the financing backing has to be
21 there for us.

22 Q. All right. That's essentially what I

1 wanted to get at.

2 JUDGE RILEY: Then, Mr. Mastando, one of the
3 things that I suggest is that whatever -- by
4 whatever means you can expedite that letter of
5 guarantee.

6 MR. MASTANDO: Yes, Mr. Examiner. And I was
7 wondering, you know, if there's any other vehicle
8 that the company might have that would evidence the
9 \$500 million letter of credit that it has, would
10 that be sufficient to move forward?

11 JUDGE RILEY: I'm not 100 percent sure of what
12 you're saying.

13 MR. MASTANDO: If, instead, the company were to
14 provide the terms of that financial instrument,
15 that \$500 million credit facility, would that be
16 sufficient to satisfy the Commission?

17 JUDGE RILEY: Would that be easier than the
18 letter of guarantee?

19 MR. MASTANDO: It may end up being easier than
20 the letter of guarantee.

21 JUDGE RILEY: Staff, what is your response to
22 that?

1 MS. MARSHALL: Staff would widely accept either
2 type of documentation.

3 JUDGE RILEY: Okay.

4 MS. MARSHALL: Also, I have a few follow-up
5 questions that I neglected to ask. When you're
6 finished, Mr. Examiner.

7 JUDGE RILEY: Okay. It will just be a second.

8 Then we'll leave it at that, either a
9 letter of guarantee or the terms of the debt
10 itself.

11 MR. MASTANDO: Okay.

12 JUDGE RILEY: Whichever is more expeditious for
13 the applicant to provide.

14 Let me deal with a couple of other
15 matters.

16 One, there was a submission to the
17 original application, the corrected number,
18 Question No. 16; is that correct.

19 MR. MASTANDO: Yes, Mr. Examiner, that is
20 correct.

21 JUDGE RILEY: I'm going to treat that as an
22 amendment to the petition, not as an exhibit; and I

1 take that you are moving to amend the petition?

2 MR. MASTANDO: I do so, Mr. Examiner.

3 JUDGE RILEY: Okay. To reflect the new answer
4 under No. 16.

5 Staff, do you have any problem or do you
6 have any objection to that?

7 MS. MARSHALL: No.

8 MS. LANKFORD: No.

9 JUDGE RILEY: Okay. Then the petition is so
10 amended.

11 And now with the regard to the
12 certificate of authority to transact business in
13 the State of Illinois.

14 Counsel, I'm going to mark that as
15 Petitioner's Exhibit 1, and is it my understanding
16 that you are moving for admission to that -- of
17 that document into evidence?

18 MR. MASTANDO: Yes, I am, Mr. Examiner. Please
19 mark that into evidence, if you would.

20 JUDGE RILEY: Okay. And is there any objection
21 from staff?

22 MS. LANKFORD: No.

1 JUDGE RILEY: Then the exhibit is so admitted.

2 And with regard to -- as to the letter
3 of guarantee or the terms of the \$500 million line
4 of credit, whichever is submitted, I'll leave that
5 marked as late-filed -- Petitioner's Late-filed
6 Exhibit 2.

7 And pending the response of staff, which
8 they've indicated either would be sufficient, we'll
9 move that for admission into evidence at that time,
10 at the time it's received. Okay?

11 MR. MASTANDO: That's acceptable to El Paso.

12 JUDGE RILEY: I don't know if I said that
13 clearly enough but --

14 MS. MARSHALL: Yes, that will acceptable for
15 staff also.

16 JUDGE RILEY: And, Mr. Sanna, one last thing ,
17 this is a -- you're an applicant as a Delaware
18 Corporation located in Texas?

19 THE WITNESS: Yes.

20 MR. MASTANDO: This is Tony Mastando. I think
21 what the -- Mr. Sanna, is El Paso the applicant
22 actually a limited liability company instead of a

1 corporation?

2 THE WITNESS: Yes. I'm sorry, did I say that
3 wrong?

4 JUDGE RILEY: No. I think --

5 MR. MASTANDO: I think the Examiner asked if it
6 was a Delaware Corporation and --

7 THE WITNESS: Oh, I'm sorry. Yes, limited
8 liability.

9 JUDGE RILEY: I'm sorry, I'm speaking from
10 habit. It is a limited liability company.

11 THE WITNESS: Yes.

12 JUDGE RILEY: And located in Texas.

13 Ms. Marshall, please return with your
14 questions.

15 FURTHER CROSS-EXAMINATION

16 BY

17 MS. MARSHALL:

18 Q. Yes, Mr. Sanna, I'm sorry, I overlook the
19 one area of questions.

20 You've requested authority to located
21 your books and records outside the State of
22 Illinois.

1 Would those records be located at the
2 address shown on your application?

3 A. Yes, in Texas here.

4 Q. And would you agree that should the
5 location of those records change, you would notify
6 the chief clerk of the Illinois Commerce
7 Commission?

8 A. Yes, we would.

9 Q. And is it also your understanding that to
10 the extent that staff wish to review or audit or
11 inspect those records, that any out-of-state travel
12 would be the liability of El Paso Networks, that is
13 the cost of any out-of-state travel?

14 A. Yes, I understand that.

15 MS. MARSHALL: Okay. That's all the questions I
16 have.

17 MR. MASTANDO: Mr. Examiner, I have one question
18 for Ms. Marshall.

19 JUDGE RILEY: Go ahead.

20 MR. MASTANDO: Ms. Marshall, you mentioned that
21 you wanted to see an income statement for the month
22 between November and December of 2000.

1 Do you still require that from the
2 operations of Pontio?

3 MS. MARSHALL: No. What I'm more concerned with
4 is after the purchase by El Paso, whether El Paso
5 has an income statement. If they have one, I'd
6 like that included in the late-filed Exhibit 2.

7 We seem unclear as to whether one had
8 been prepared or not.

9 MR. MASTANDO: And what period did you want
10 covered by that income statement?

11 MS. MARSHALL: Well, the most current available.
12 It's early in 2001, and certainly I
13 don't know what the company has. It could be a
14 year-end statement. It could be perhaps a first
15 quarter of 2001 statement.

16 To the extent that they have an income
17 statement available, I think it should be provided
18 for the record.

19 MR. MASTANDO: All right. Then to the extent
20 that the company has that available, an income
21 statement covering the operations of Pontio, we'll
22 endeavor to provide that expeditiously.

1 MS. MARSHALL: Now, what I'm looking for are the
2 operations of El Paso. In other words, for a
3 period subsequent to the purchase in November, if
4 that exists.

5 THE WITNESS: We'll see if we can pull that
6 together.

7 MR. MASTANDO: Just a further clarification,
8 Ms. Marshall, even though the company was
9 purchased, the name change has not finished winding
10 its way through the Texas Commission yet.

11 So I just wanted to point that out. It
12 may come in under the name of Pontio or it may be
13 El Paso.

14 MS. MARSHALL: Okay. That's fine.

15 JUDGE RILEY: Is that everything?

16 MS. MARSHALL: That's all that I have.

17 MS. LANKFORD: That's all I have.

18 JUDGE RILEY: All right. Then I will continue
19 this matter generally pending the submission of the
20 Late-filed Exhibit 2; and at such time, the record
21 will be marked heard and taken and an order will be
22 prepared for the Commission.

1 MS. MARSHALL: Thank you.

2 JUDGE RILEY: Is there anything further.

3 Then we are adjourned.

4 (Whereupon, further proceedings

5 in the above -entitled matter

6 were continued sine die.)

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